

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ADP-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 STR-08

TRSE-00 LAB-06 SIL-01 OMB-01 INT-08 SCEM-02 L-03 SS-15

NSC-10 TAR-02 AGR-20 RSR-01 /162 W

----- 115971

R 191752 Z APR 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9376

INFO AMEMBASSY TOKYO

USMISSION EC BRUSSELS

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E. O. 11652: N/A

TAGS: OVIP (HUVELIN, PAUL), FR

SUBJECT: VISIT OF UNICE PRESIDENT TO U. S.

REF: PARIS 9219 NOTAL

EUR/ RPE FOR KATZ

SUMMARY: IN CALL ON AMBASSADOR, UNICE PRESIDENT HUVELIN SAID HE HOPES DURING FORTHCOMING TRIP TO U. S. TO MAKE SURE U. S. LEADERS UNDERSTAND IMPORTANCE EUROPEAN INDUSTRY ATTACHES TO CONSTRUCTION OF EUROPE. HE ALSO WANTS TO DISCUSS ENERGY PROBLEM. HUVELIN SAID EC INDUSTRY FAVORS AGREEMENT ON LOWERING INDUSTRIAL TARIFFS IN MULTILATERAL TRADE NEGOTIATIONS, BUT BELIEVES MONETARY REFORM MUST BE COMPLETED BEFORE TRADE NEGOTIATIONS END. HE SAID HE INTERESTED IN LIBERALIZATION OF AGRICULTURAL TRADE BECAUSE OF LINK BETWEEN HIGH FOOD PRICES AND RISING LABOR COSTS. HOWEVER, BECAUSE OF POLITICAL IMPORTANCE OF FRENCH AGRICULTURAL VOTE AS BULWARK AGAINST THE LEFT, FRENCH INDUSTRY WOULD OPPOSE ANY MOVES ON AGRICULTURAL TRADE WHICH WOULD HURT FRENCH FARMERS. AMBASSADOR SAID HE WANTED TO CLEAR UP TWO APPARENT
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MISCONCEPTIONS OF U. S. OBJECTIVES IN TRADE NEGOTIATIONS. FIRST, FROM THESE NEGOTIATIONS WE SEEK AS IN THE KENNEDY ROUND A GENERAL LOWERING OF TARIFFS TO INCREASE THE VOLUME OF WORLD TRADE TO THE GENERAL BENEFIT OF ALL AND NOT, AS SOME EUROPEANS SEEM TO THINK, A SPECIFIC UNILATERAL ADVANTAGE FOR THE U. S. AND SECOND, WE ARE NOT TRYING TO DESTROY CAP, BUT WANT IT MANAGED IN SUCH A WAY AS TO BE LESS HARMFUL TO INTERESTS OF THIRD COUNTRIES. END SUMMARY.

1. PAUL HUVELIN, PRESIDENT OF UNICE, CALLED ON AMBASSADOR APRIL 18 TO DISCUSS HIS FORTHCOMING TRIP TO THE U. S. HUVELIN SAID HE WANTED TO SEEK VIEWS OF SENIOR U. S. ECONOMIC OFFICIALS ON US/ EC ECONOMIC RELATIONS IN PREPARATION FOR MEETING OF EUROPEAN, U. S., AND JAPANESE BUSINESS LEADERS IN MAY AND MEETING OF UNICE IN JUNE. (FORMER MEETING WILL BE HELD IN MONTE CARLO. U. S. CHAMGER OF COMMERCE HAS CHARGE OF U. S. PARTICIPATION. ON INSISTENCE OF UNICE, EUROPEAN AND U. S. REPRESENTATIVES WILL MEET ALONE FOR FIRST TWO DAYS, MAY 21 AND 22, AND THEN WILL BE JOINED BY KEIDANREN ON MAY 23 AND 24.)

2. HUVELIN SAID THERE ARE A NUMBER OF MATTERS THAT HE WOULD LIKE TO DISCUSS IN THE U. S. FIRST, HE WANTED TO MAKE SURE EVERYBODY UNDERSTOOD THE IMPORTANCE EUROPEAN INDUSTRY ATTACHES TO " BUILDING EUROPE." HE SAID THIS TASK WAS PROVING MORE DIFFICULT THAN ANTICIPATED BECAUSE OF SERIOUS CONFLICTS IN NATIONAL POLICIES AND INTERESTS. HE SAID EUROPEAN INDUSTRY WANTED EUROPE TO BE BUILT WITH THE U. S. AND NOT AGAINST THE U. S., AND HE HOPED U. S. WOULD SHOW PATIENCE AND UNDERSTANDING FOR THE MANY PROBLEMS WHICH THE EUROPEANS WERE FACING IN THEIR TASK.

3. HUVELIN SAID A SECOND POINT HE WOULD WANT TO DISCUSS IN U. S. WAS THE ENERGY CRISIS. HE SAID FRANCE AND ITS EC PARTNERS HAD TO IMPORT THE BULK OF THEIR ENERGY REQUIREMENTS AND IT WAS ESSENTIAL THAT THE CONSUMING COUNTRIES MAINTAIN A UNITED FRONT IN THE FACT OF THE GROWING UNITY OF THE PRODUCING COUNTRIES.

4. AMBASSADOR ASKED HUVELIN WHAT HIS VIEWS WERE ON MULTILATERAL TRADE NEGOTIATIONS. HE REPLIED THAT HE HAD NO RESPONSIBILITY FOR AGRICULTURE BUT COULD ASSURE US THAT FRENCH AND EUROPEAN INDUSTRY FAVORED AN AGREEMENT ON THE REDUCTION OF INDUSTRIAL TARIFFS. HE SAID THE NEGOTIATIONS WOULD BE VERY LIMITED OFFICIAL USE

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DIFFICULT AND THAT ALL PARTICIPANTS WOULD HAVE TO COMPROMISE

IF THEY WRE TO SUCCEED. HUVELIN SAID HE BELIEVED THAT IT WAS IMPORTANT THAT THERE BE AGREEMENT ON INTERNATIONAL MONETARY REFORM BEFORE THE TRADE NEGOTIAIONS WERE COMPLETED. IT WOULD BE DIFFICULT FOR EUROPEAN INDUSTRY TO ACCEPT FURTHER TARIFF REDUCTIONS IF THEY WERE TO FACE CONTINUED EXCHANGE RATE UNCERTAINTY THEREAFTER.

5. AMBASSADOR ASKED HUVELIN'S VIEWS ON THE OUTLOOK FOR THE AGRICULTURAL NEGOTIATIONS. HUVELIN SAID THAT HE WAS OF COURSE CONCERNED ABOUT THE EXTENT TO WHICH HIGH FOOD PRICES CONTRIBUTED TO INCREASED LABOR COSTS AND WAS THUS INTERESTED IN STEPS, SUCH AS LIBERALIZATION OF BOTH TRADE AND AGRICULTURE, WHICH COULD HELP HOLD THE LINE ON FOOD PRICES. ON THE OTHER HAND, THE FRENCH PATRONAT HAD BEEN EXTREMELY CONCERNED ABOUT THE EFFECTIVE POLITICAL CAMPAIGN OF THE UNION OF THE LEFT IN THE RECENT LEGISLATIVE ELECTIONS AND HAD WORKED AGAINST A VICTORY OF THE LEFT. ONE BULWARK AGAINST THE EXPANSION OF THE LEFT WAS THE FRENCH FARMER, AND FRENCH INDUSTRY WAS OPPOSED TO ANY AGREEMENTS ON AGRICULTURE THAT WOULD HURT FRENCH FARMERS.

6. AMBASSADOR SAID HE THOUGHT IT WAS IMPORTANT THAT EUROPE AND THE U. S. STOP TALKING PAST EACH OTHER AND SIT DOWN TOGETHER TO EXAMINE OBJECTIVELY AND DISPASSIONATELY THE PROBLEMS WHICH WERE CAUSING STRAIN IN OUR RELATIONS. WHILE THERE WERE SERIOUS ISSUES ON WHICH WE HAD DIFFERENT VIEWS, A CONSIDERABLE PART OF THIS STRAIN SEEMED THE RESULT OF MISCONCEPTIONS ABOUT EACH OTHER
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NSC-10 TAR-02 AGR-20 RSR-01 /162 W

----- 115992

R 191752 Z APR 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9377

INFO AMEMBASSY TOKYO

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COULD GO A LONG WAY TOWARD IMPROVING THE NEGOTIATING ATMOSPHERE. THERE WERE TWO CONCEPTIONS ABOUT U. S. INTENTIONS WHICH HE HAD ENCOUNTERED RECENTLY IN FRANCE WHICH HE WANTED TO CLEAR UP. AN EXAMPLE OF THE FIRST WAS PATRONAT PRESIDENT CEYRAC'S STATEMENT AT THE RECENT AMERICAN CHAMBER OF COMMERCE DINNER (PARIS 10310) THAT THE U. S. SEEMED TO BE SEEKING UNILATERAL ADVANTAGES FROM THE TRADE NEGOTIATIONS. THIS WAS NOT TRUE. THE U. S. , LIKE FRANCE, SEEKS THE MULTILATERAL ADVANTAGES WHICH THE EXPANSION OF WORLD TRADE, RESULTING FROM FURTHER LIBERALIZATION, WILL MAKE POSSIBLE.

7. AMBASSADOR SAID A SECOND MISCONCEPTION WAS THAT THE U. S. WAS SEEKING TO BREAK UP THE CAP. THIS WAS ALSO NOT TRUE. HOWEVER, WE HOPED THAT THE CAP COULD BE MANAGED IN SUCH A WAY AS TO BE LESS HARMFUL TO THIRD COUNTRIES, E. G., THROUGH MODIFICATIONS IN GRAINS- LIVESTOCK PRICE RATIOS.

8. HUVELIN SAID HE THOROUGHLY AGREED THAT WE NEEDED TO SIT DOWN AND TALK OVER PROBLEMS IN AN OBJECTIVE AND UNEMOTIONAL WAY. THIS WAS ONE OF THE REASONS HE WAS MAKING HIS TRIP TO THE U. S. WHILE HE COULD NOT SPEAK WITH AUTHORITY ABOUT THE AGRICULTURE NEGOTIATIONS, HE DID NOT THINK THERE WOULD BE ANY INSOLUBLE LIMITED OFFICIAL USE

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PROBLEMS BETWEEN THE U. S. AND THE EC IN THE INDUSTRIAL NEGOTIATIONS.
IRWIN

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PARIS10920
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730451/aaaaiwsr.tel
Line Count: 205
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 PARIS 9219 NOTAL
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 21 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21-Aug-2001 by shawdg>; APPROVED <31-Oct-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980202
Subject: VISIT OF UNICE PRESIDENT TO U. S.
TAGS: OVIP, FR, (HUVELIN, PAUL)
To: EC BRUSSELS
EUR
SECSTATE WASHDC
TOKYO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005